



Department of Energy

Washington, DC 20585

M-01-01

MEMORANDUM FOR THE HEADS OF DOE PROGRAM OFFICES

FROM: Matt Rogers

SUBJECT: Department of Energy Policy on Reporting Jobs Created Under Recovery Act

This memo communicates to Program Offices guidance related to jobs created or retained under the American Recovery and Reinvestment Act of 2009 (Recovery Act). The memo requires that Offices:

1. Communicate estimated jobs numbers in public statements, congressional hearings, or other public venues only using the Council of Economic Advisors established methodology.
2. Participate in the review process of FederalReporting.gov data as directed.
3. Collect additional jobs data.

Programs Offices are requested to share this memo with budget and Recovery Act personnel.

1. Public Communications on Job Estimates:

The Council of Economic Advisors (CEA) requires that all DOE programs estimate jobs created or retained from Recovery Act spending use the formula: \$92,000 in Federal spending = one job-year (direct, indirect, and induced). This methodology was created using a macroeconomic model based on information from multiple agency energy-related programs and estimating energy-related jobs creation. For consistency in all White House and DOE public communications, Program Offices may not communicate estimated jobs numbers in public statements, congressional hearings, or other public venues that were generated using an alternate methodology.

2. OMB Requirements for Recipient Reporting of Jobs Data and DOE Review

Per Section 1512 of the Recovery Act, OMB will require recipients of Recovery Act grants, loans, and other forms of assistance to report quarterly on direct jobs created or retained to the website FederalReporting.gov, beginning on October 10, 2009. This data will be made available to the public as part of the effort to increase transparency and accountability. DOE has prepared materials to help our recipients meet this requirement that can found at http://www.energy.gov/recovery/ARRA_Reporting_Requirements.htm. DOE encourages recipients to report actual jobs created and retained. In cases where reporting actual jobs is too burdensome for recipients, DOE has developed supplemental guidance for recipients to request to use a statistical estimation technique. However, contractors subject to Federal Acquisition



Regulation (FAR) reporting requirements must report actual jobs and cannot use an estimation technique. The reporting and waiver request processes are detailed in Attachments A and B.

OMB will require DOE to review all information, including jobs data, that recipients report to FederalReporting.gov to identify material omissions or significant reporting errors. DOE will have 10 days (through day 31) to complete this review starting on day 21 after the end of a Federal fiscal quarter. The review process is still being determined, and will be shared with Program and Field Offices in the future.

3. Program Office Collection of Jobs Data

Under the reporting requirements from OMB, recipients will only report on a subset of the jobs created on DOE project sites (e.g., sub-contractor jobs and jobs from the cost-share portion of projects will not be reported). As part of DOE's responsibility to oversee the effective implementation of Recovery Act projects, Program Offices are to collect monthly jobs data for the following Recovery-funded projects that are not required to submit quarterly job numbers into Federalreporting.gov:

(1) Prime and sub-contractor actual jobs numbers for all Recovery-funded projects, including those financed from Power Marketing Administration (PMA) borrowing authority. Current FAR guidance states that prime contractors are not to report sub-contractor created jobs.

(2) Any jobs created from leveraging the private sector, including all loans subsidies issued by the Loan Guarantee Program Office. Such data should include the impact of the entire project including on projects where Federal funds leverage private investment through cost-share, loan guarantees, or other matching equities.

The definition of "jobs" should be consistent with OMB's definition -- all direct jobs created or retained (in Full-Time Equivalents) on each Recovery Act project. A useful rule of thumb for recipients to determine whether a job should be counted is: Would the hours and FTEs reported for the employees included in the jobs measure be different in the absence of receiving the Recovery Act funds? If the answer is yes, then the job should be counted.

To collect monthly jobs data, Program Offices need to develop methods that impose the minimum burden on recipients. In cases where a Program Office is currently collecting jobs information that go beyond the OMB definition of "jobs," Program Offices can continue to collect such information. Program Offices that wants to collect additional jobs information beyond the OMB standard or on-going efforts should consult with DOE/CFO/PA&E. The method to collect monthly jobs data are to be shared with DOE/CFO/PAE by October 1, 2009, and the first job data numbers should be submitted by October 31st.

DOE/CFO/PA&E will help maintain compatibility in the data while enabling a "roll-up" of jobs data. If Program Offices choose to not develop a methodology, at a minimum, the program requests for job information shall encompass the methodology used in FederalReporting.gov:

Cumulative Recovery Act funded hours worked
Cumulative hours in a full-time schedule

Appendix A: OMB Reporting Requirements

Detailed guidance on OMB reporting requirements is available at http://www.energy.gov/recovery/ARRA_Reporting_Requirements.htm and will also be distributed directly to program offices, field offices and recipients. This is a brief summary of the reporting requirements related to jobs created or retained:

Who reports:

Recipients who report jobs data to FederalReporting.Gov include:

- Prime recipients (and sub-recipients, if requested by their prime) of Recovery Act financial assistance—grants, cooperative agreements and loans that are 100 percent financed by the Federal Finance Bank (for Federally financed portion of the project only).
- Prime contractors receiving Recovery Act funding. (Contractors report under the Federal Acquisition Regulations (FAR)).

The following recipients do not report jobs data:

- Prime and sub-recipients of Recovery Act financial assistance do not report on jobs created from cost-share or matching private investment portions of Recovery Act projects
- Subcontractors do not report
- Individual recipients, excluding sole proprietorships, do not report

What job data is reported:

OMB requires recipients of Recovery Act financial assistance to report two data fields:

- Numbers: Recipients report on direct jobs expressed as cumulative Full Time Equivalent (FTE) jobs, based on the following calculation:
$$\frac{\text{Cumulative Recovery Act funded hours worked (Qtr 1...n)}}{\text{Cumulative hours in a full-time schedule (Qtr 1...n)}}$$
- Narrative: Recipients are to write a narrative describing the type of job created and employment impact. There is no standardized definition of “job type” and this will be left to the discretion of the recipient.

Recipients of financial assistance must report direct jobs data about their sub-recipients and vendors. This data element cannot be formally delegated and must be directly collected and reported by the prime recipient. Prime recipients may obtain sub-recipient jobs data through:

- Direct collection of jobs data from sub-recipients and vendors (encouraged).
- An estimation methodology approved by DOE, only in cases where direct collection is not feasible (discouraged).
 - Contractors subject to the FAR reporting requirements must report actual jobs and cannot use an estimation technique.
 - If a recipient has been approved to use a statistical methodology, they should note DOE approval and describe their method in the narrative section of jobs creation in FederalReporting.gov.

Appendix B: Department of Energy (DOE) Supplemental Guidance on Job Creation/Retention Reporting

This appendix reflects the Department of Energy's Supplemental Guidance on the reporting of job creation/retention pursuant to Section 1512 of the American Recovery and Reinvestment Act (ARRA), which can be found at http://www.energy.gov/recovery/ARRA_Reporting_Requirements.htm.

DOE is asking recipients to report on the numbers of jobs created and/or retained using the full-time equivalent (FTE) methodology described by the Office of Management and Budget (OMB) in Section 5.3 of "Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009" (M-09-21). The methodology reflects reasonable and consistent approaches to collection of employment data and has been highlighted in the OMB webinars to members of the Federal and Recipient community.

DOE anticipates that the vast majority of recipients will be able to comply with the FTE methodology. However, there may be circumstances when a recipient can demonstrate an unreasonable burden would result from using a direct and comprehensive job count. In such instances, the recipient will be responsible for developing a statistical method for obtaining the required FTE information, based on a representative sample of sub-recipients, and articulating how this method is preferable to implementing a comprehensive job count.

Examples of instances where a statistical method may be a satisfactory alternative may include the following circumstances:

- A recipient may be responsible for administering a substantial amount (e.g., tens of millions of dollars) of Recovery Act funds that are distributed to a multitude of projects (e.g., hundreds), each having a large number of distinct sub-recipients and vendors. In such instances, the number of sub-recipients and vendors receiving Recovery Act funds may be sufficient in number to support an effort that identifies a representative sample and to use statistical methods that yields valid and robust information on the number of jobs created and jobs retained.
- A recipient may be funding a set of projects where the operating characteristics and nature of the work performed by sub-recipients are equivalent for these projects, so that having detailed job information on a sample might yield reliable statistics to use in developing estimates for the remainder of the population. An example might be a situation where all of a prime recipient's contracted sub-recipients working on projects funded by the Recovery Act employ the same type of experienced workforce; are required to perform the same tasks; face the same prices and market conditions; and utilize the same amount of labor in their production practices.
- A recipient may have a pre-existing validated statistical method it has recently used to generate information on direct job effects attributable to the receipt of federal government funds for the same type of projects designated to receive Recovery Act funds. In this instance, the recipient may consider seeking permission to transfer this direct job

estimation method to quantify the direct job effects associated with projects supported by the Recovery Act funds.

Recipients will be required to obtain approval from DOE on the use of a statistical methodology, as well as the specific methodology the recipient is proposing. In addition, DOE will have to obtain concurrence from OMB prior to preparing a response to the recipient's request.

Change in Methodology Request Information

If a Prime Recipient requires the use of an alternative methodology for collection job creation/retention data rather than directly collecting specific data from all sub-recipients and vendors, it must submit a written proposal to your DOE Program Manager identified in your award containing the following information:

1. A justification as to why an alternate methodology is needed. This must address the reasons why the direct collection of information from all sub-recipients and vendors is overly costly or burdensome for the Prime Recipient.
2. A technical description of the proposed methodology. This should include sufficient detail and supporting documentation of the sample design and estimation procedures so that the validity of the methodology can be assessed.
3. A statement of the qualifications of the persons who will be carrying out the statistical methodology.
4. A statement on the length of time the Prime Recipient anticipates making use of the statistical method (e.g., the first effective Section 1512 recipient reporting period; or for an extended period of time, such as the duration of the period during which the project receives Recovery Act funds).
5. Point of contact information including telephone and e-mail information for transmitting DOE and OMB response, and any follow-up questions arising during the review of the request.

Recipients seeking to use statistical methods are advised to make use of information contained in OMB's Guidance on Agency Survey and Statistical Information Collections and Standards and Guidelines for Statistical Surveys. These documents describe professional principles and practices that Federal agencies are required to adhere to and the level of quality and effort expected in all statistical activities, and as such, can serve as a useful guide to recipients of Recovery Act funds.

Process for Change in Methodology Request

Recipients should submit a request to use a statistical method to the Contracting Officer (CO) identified on their award. The DOE operating unit from which the Prime Recipient received Recovery Act funds will manage the process to accept and review applications from recipients. When the operating unit is satisfied with the methodology, it will transmit the proposal to DOE/CFO. DOE/CFO and OMB will approve or decline the request within 20 days from receipt of the request. **All requests must be submitted no later than September 21, 2009.** This will allow

DOE and OMB to reach a decision in time for the recipient to either implement the statistical methodology (if request is approved) or pursue a direct and comprehensive approach for gathering job information from sub-recipients and vendors (if request is declined). The reporting deadline for Section 1512 will remain October 10, 2009.

Specific Guidance to Programs

1. Recipients must submit requests to their CO no later than Monday, September 21. The CO should forward all requests to DOE/CFO at RecoveryInformationCenter@hq.doe.gov.
2. By Friday, September 25, DOE/CFO will determine whether a recipient's appeal should be considered further or rejected. The criteria to be used include:
 - i. The recipient has demonstrated that using direct or comprehensive job counts is overly costly and burdensome.
 - ii. The technical description of the recipient's proposed statistical methodology provides sufficient detail and supporting documentation of the sample design and estimation procedures that the validity of the methodology can be assessed.
 - iii. The proposed methodology is statistically valid and that the persons who will be carrying out the statistical methodology are qualified to do so. This determination should be made by qualified statisticians within the Program.
3. If the request **is rejected**, the documents are returned to the CO with an explanation and proposed path forward. If the request is approved, it is sent to OMB.
4. If OMB **accepts** the waiver request, CFO/PA&E, the CO, and the recipient will be notified. If rejected, PA&E will provide an explanation and a proposed path forward.